

# Key policy directions in the Arab region for ensuring the implementation of the 2030 Agenda for Sustainable Development



Shared Prosperity Dignified Life



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## Introduction

The COVID-19 pandemic has amplified pre-existing socioeconomic challenges and exposed numerous vulnerabilities across societies, institutions, economies and labour markets in the Arab region. The ramifications of the pandemic are likely to be extensive and long-lasting, aggravating already existing inequalities, increasing poverty among vulnerable groups and individuals and, in many countries, reversing decades of progress achieved prior to the crisis.

## Impact assessment

Around 8.8 million people in the Arab region became newly unemployed during the pandemic and an additional 16 million people were pushed into poverty, increasing the number of people living in poverty to over 116 million, almost a quarter of the population. In addition, extreme poverty reached an average of 12.4 per cent in the region, excluding Gulf Cooperation Council countries, with an additional 8.5 million people living in poverty expected to fall into extreme poverty by 2023 as a result of the crisis.

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The pandemic has further exacerbated existing vulnerabilities in the region, especially for workers in the informal sector. Around 89 per cent of all people working in informal employment were affected by the pandemic, especially women and young people.

The pandemic has also deepened existing gender inequalities and amplified women's socioeconomic vulnerability. According to a web-based cross-sectional study of nine Arab countries by UN Women, in all nine countries, a statistically significant higher number of women than men described an increase in unpaid domestic work since the onset of the pandemic, a trend that was strongest among married women.<sup>1</sup> This trend compromises women's economic empowerment by preventing them from paid employment opportunities and perpetuates gender and social norms that put women at a disadvantage. The pandemic has also led to enormous wealth and income disparities across the Economic and Social Commission for Western Asia (ESCWA) member States, with the region's wealthiest 10 per cent now controlling 81 per cent of its net wealth, up from 75 per cent before the crisis.<sup>2</sup>

On top of the deepening economic crises fuelled by COVID-19, Arab countries are struggling with increased political instability, conflicts and massive-scale displacement. There are approximately 16 million forcibly displaced persons in the region, with 15 per cent being refugees and 78 per cent being internally displaced persons (IDPs). Nearly 99 per cent of all IDPs have been displaced by conflict and violence, with 6.8 million IDPs in the Syrian Arab Republic, 4.3 million in Yemen and 1.2 million in Iraq.

In addition, the ongoing war in Ukraine has caused significant disruptions to global trade; food, commodity and energy prices; and the prospects for a post-pandemic economic recovery. Due to the war, the economies of the Arab region lost \$11 billion in 2022 and are expected to lose \$16.9 billion in 2023, along with 3.7 million additional people being pushed into poverty, increasing the total to an all-time record high of 125.8 million people living below national poverty lines by 2023.<sup>3</sup>

Social protection systems in the Arab region have long been characterized as non-inclusive and fragmented, meaning that only a small portion of the population are covered by contributory social insurance. Only 30 per cent of the population are covered by social protection programmes.<sup>4</sup> Even though previously excluded or marginalized groups, such as informal-sector workers, were included in policy responses and social security measures to lessen the pandemic's impact across the region, these were

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6.8   
million  
IDPs in the Syrian Arab Republic

4.3   
million  
IDPs in Yemen

1.2   
million  
IDPs in Iraq



emergency relief measures that were only implemented for a short period of time—only three months on average—and were insufficient to meet the newly emerging needs and requirements in light of the pandemic. The emergency measures overlooked the underlying drivers of informality and its systematic root causes.

Overall, slow growth, rising inequality and persistent poverty are among the major challenges to the Arab region's path to sustainable development, with weak social protection mechanisms exacerbating the exclusion and marginalization of the most vulnerable, including migrants and persons with disabilities.

As such, the post-crisis recovery plans, responses and measures adopted on the way towards building forward better present an unprecedented opportunity to align public policies with the Sustainable Development Goals (SDGs).

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## Key messages and recommendations



**Building forward better after COVID-19 while ensuring that policies are more inclusive, address socioeconomic inequalities and are more focused on the SDGs requires the development of integrated social policies.**

An integrated approach to social policies enables the efficient and holistic delivery of social services that, over time, reduce poverty and inequality and mitigate economic and fiscal shocks. This integrated approach to human development builds on the notion of interconnected policy areas within the framework of a comprehensive social strategy.

There are several guiding principles for successful integrated social policies:

**Following a lifecycle approach** ensures an integrated social policy system that leaves no one behind and allows comprehensive coverage of social services for all people throughout their lives. This also allows the disaggregation of social policy interventions and the design of targeted social policies that address vulnerabilities according to different stages of the human lifecycle (childhood, adolescence and adulthood). The success of the lifecycle approach depends on the design of delivered social programmes and their combination, level of governance, maturity, resilience and capacity to expand coverage. In reality, developing countries are characterized by a proliferation of different social

programmes and schemes, many of which were started and carried out by donors and non-governmental organizations without being adequately integrated into national policy, planning or budgets. Therefore, social protection system design typically does not entail conceptualizing a complete social protection system from scratch, but rather a strategy for systematizing already-existing programmes and schemes to increase coherence within a policy framework.<sup>5</sup> Morocco provides a good example of a greater lifecycle focus within a social protection system. Building on the response to COVID-19, Morocco started several reforms, among which expanding the mandatory medical coverage to include 22 million additional beneficiaries by involving the informal sector with contributory capacity and part of the formal sector currently excluded from these schemes. Morocco has also built an integrated management information system for social protection programmes to ensure coordination and synergy.<sup>6</sup>

**Working closely with the labour market** allows integrated social protection policies to enhance human capital and productivity and mitigate employment disruptions

due to market failures. Social protection support should be developed in tandem with labour market policies and various types of intervention (for example, subsidized private employment and public works schemes) to regulate the labour market in order to safeguard people from declines in living standards, connect them to employment opportunities, and provide them with needed skills to thrive as economies recover.<sup>7</sup> Engaging with the private sector is particularly crucial given the significant role of private enterprises in creating jobs.

### **Developing preventive and proactive integrated social protection policies** to protect vulnerable households from falling into poverty.

For example, investing in the health of children living in poverty is crucial to ending the vicious cycle of intergenerational poverty and advancing inclusive economic growth. Tunisia has started a process of reforming its child benefit system to provide families with children universal coverage through a multi-tiered model that achieves universal coverage through a progressive extension of the non-contributory programme to all families not covered by social insurance.<sup>8</sup>

### **Connecting to countries' national contexts.**

The design of integrated social policies in the Arab region

should respond to factors such as the geographical, political and economic contexts and the institutional capacity of each member State. A country with a strong informal sector, for example, requires the design and implementation of special forms of social protection that incorporate innovative solutions and the involvement of informal institutions in developing adequate and sustainable policy measures.

 **Anchoring integrated social policies into State finance**, applying progressive tax reform measures and enhancing international financial investment. Securing sustainable sources of funding ensures sustainable social protection schemes that allow both the comprehensive delivery of services (such as cash transfers) and the continuous operation of social security programmes that improve households' ability to integrate into the economy. For Arab countries to develop a sustainable mix of social protection financing, they need to strengthen their capacity to collect, monitor and evaluate data. The availability of regular official data will help countries re-prioritize their spending lines by taking effective measures, such as making cuts in certain areas or raising tax revenues, especially in the face of large deficits that prevent the sustainability of social protection.<sup>9</sup>



## **Ensuring integrated policymaking while building forward better requires strengthening governance and transforming institutions.**

In the absence of institutions and good governance, policies cannot be formulated, let alone implemented. Discouraged institutions cannot lead development or reduce poverty and inequality.

In the Arab region, poor governance models and ineffective and unaccountable institutions are negatively affecting the achievement of inclusive growth and the realization of the 2030 Agenda for Sustainable Development. This has serious consequences for public trust and, in turn, the functioning of these institutions and their ability to address socioeconomic issues and maintain peace in the region.

This calls for strengthening governance and State institutions at all levels, including determining their functions and roles, to rebuild public trust and renew commitment to advancing the SDGs.

Policy priorities and recommendations include:<sup>10</sup>

 **Adopting an open-Government approach** to enhance institutional transparency, accountability and participation and rebuild public trust. In alignment with this approach, countries can foster innovative solutions to complex socioeconomic challenges, especially with new technological trends such as social media and e-participation, that support shared decision-making and public dialogue. For example, well-designed participatory budgeting creates new opportunities for participatory engagement and reciprocal dialogue between authorities and their communities. The Telecommunication Regulatory Authority of the United Arab Emirates developed a hackathon portal in 2018 that included several competitions taking place at specific locations across the seven emirates, open to anyone residing in the country. The hackathons allow individuals, students, investors, employees, entrepreneurs and technology experts to use open data from government agencies to develop innovative solutions relating to the country's visions and strategies.<sup>11</sup>

### **Building the capacity of State institutions**

to meet core functions and enable effective participation. State institutions must be equipped with a well-trained and well-paid workforce with the competencies to run these institutions and foster the implementation of the SDGs. Yemen is currently undergoing institutional capacity-building and technical assistance led by ESCWA and its partners. This includes training workshops for public servants and dialogue with Yemeni experts and stakeholders to develop a nationally-owned vision for recovery and development and translate the vision's results into actions.

### **Revisiting the institutional setups of education.**

Investing in education is instrumental for reducing poverty and inequality and advancing social mobility. The public-private school divide is widening social fragmentation and undermining social cohesion. Therefore, Governments must increase public spending on education and reinforce relevant institutions. Qatar has made significant efforts to reform its educational system, both in public schools and at Qatar University. These efforts have included importing reputable and successful academic programmes from other countries, utilizing employer expectations and demands to direct its agenda, and advancing decentralization by converting all Ministry of Education schools into independent schools.<sup>12</sup>

### **Building sound labour market institutions, especially in the informal economy.**

The impact of labour market institutions that deal with wage, employment determination and protection are of central importance to the creation of new and good-quality jobs, ensuring training and social advancement. The design of labour market institutions must deal with the expanding presence of the informal economy and address its various segments and challenges.

### **Establishing and strengthening social dialogue and legal and institutional frameworks.**

Social dialogue is key to a shared understanding of problems and building collaboration and partnerships with social partners and other relevant and representative organizations. The Libya



Socioeconomic Dialogue Project (2018–2021), managed and implemented by ESCWA, offered and supported a forum that brought together a wide range of Libyan stakeholders to jointly develop a long-term vision for the socioeconomic development of Libya.

### **Absorbing shocks and ensuring a path forward in sustainable development requires policy measures that promote institutional resilience.**

The COVID-19 pandemic and the ongoing war in Ukraine have emphasized the critical importance of State resilience, especially in the face of future interlinked crises and widespread disruptions.

Resilience is essential, not only for mitigating the effects of shocks and external challenges on countries and communities, but also for protecting the poorest and most vulnerable members of society. The following factors are instrumental for institutional resilience over the long term:<sup>13</sup>

 **Increasing institutional self-awareness** by developing information-gathering systems to assess their strengths, liabilities, threats and risks, vulnerabilities and most critical gaps. This helps institutions deal with their weaknesses, maximize their work and respond more quickly and appropriately to change. Early warning systems were established in Egypt as part of a project to build the resilience of southern farming communities in the face of climate change and variability risks to food security. This bridged the gap between institutions responsible for creating climate and crop information and farmers who need this information to cope with climate change.<sup>14</sup>

 **Diversifying institutions' operations and functions** in which different sources of capacity can be capitalized upon, internally and externally, for both hard elements such as infrastructure and soft elements such as people and skills. This would allow institutions to better withstand stress or even continue functioning during crises or periods of instability. Saudi Arabia took measures to put distance learning programmes in place and ensure that all students had access via the *Madrasati* (My School) platform, which was accessed by 98 per cent of students during 2020–2021.<sup>15</sup>

 **Ensuring the integration and harmonization of all institutional elements** both within the same institution and with other relevant entities. This enables policy and institutional coherence, coordinated actions, transparent communication and widening partnerships.

Examples from several Arab countries during the pandemic underline the potential of non-State actors to be meaningful partners in informing and shaping the response. In Tunisia, municipal councils set up local crisis committees across the country, with elected officials, political parties and civil society groups joining forces to assist localities in halting the spread of COVID-19.<sup>16</sup> This improved local government responses to COVID-19 by making them more targeted, effective and decentralized.

 **Developing self-regulatory institutions** that prevent shocks from causing multipliers effects. This entails the development of monitoring and evaluation mechanisms and disaster risk reduction management frameworks to ensure that efforts are effective and that successes and failures are accurately captured to develop lessons learned.

 **Improving institutional adaptability** against rapidly changing circumstances and strengthening ability to reinvent work and take new actions and innovative measures while using resources effectively. This improves resource efficiency and helps in the design of adaptive and shock-responsive solutions. In response to the pandemic, the Jordanian Government expanded its social protection by better coordinating national resources from the national budget, the Social Security Corporation and charity support (*Himmat Watan*, *Alkhier* Account and Health Account) and establishing the National Social Protection Response Committee that closely coordinated social assistance delivery and monitored budgets.<sup>17</sup>



# Endnotes

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